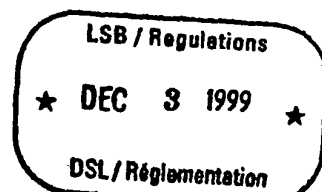


Whereas, pursuant to subsection 124(2)^a of the *Competition Act*, a copy of the proposed *Regulations Amending Notifiable Transactions Regulations*, substantially in the annexed form, was published in the *Canada Gazette*, Part I, on May 15, 1999 and a reasonable opportunity was thereby afforded to interested persons to make representations to the Minister of Industry with respect thereto;

Therefore, Her Excellency the Governor General in Council, on the recommendation of the Minister of Industry, pursuant to section 124^a of the *Competition Act*, hereby makes the annexed *Regulations Amending the Notifiable Transactions Regulations*.

^a R.S. c. 19 (2nd Supp.), s. 45



REGULATIONS AMENDING THE NOTIFIABLE TRANSACTIONS REGULATIONS

AMENDMENTS

1. (1) The definition "reference date" in section 2 of the *Notifiable Transactions Regulations*¹ is replaced by the following:

"reference date" means

(a) where the Commissioner is notified of a proposed transaction pursuant to section 114 of the Act, the date on which the Commissioner receives the notification; and

(b) where the notification referred to in paragraph (a) is not given to the Commissioner,

(i) in the case of a proposed transaction referred to in subsection 110(4) of the Act, the thirtieth day preceding the day on which articles of amalgamation in respect of the proposed transaction are filed with the appropriate governmental or regulatory authority, and

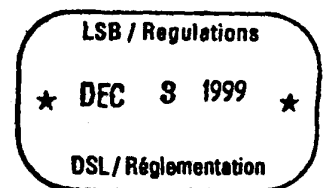
(ii) in the case of a proposed transaction referred to in subsection 110(2), (3), (5) or (6) of the Act, the thirtieth day preceding the day on which beneficial ownership of property forming any part of the subject-matter of the transaction is to be conveyed, assigned or otherwise transferred. (*date de référence*)

(2) Section 2 of the Regulations is amended by adding the following in alphabetical order:

"asset securitization transaction" means a transaction or series of related transactions entered into where

(a) for the purpose of obtaining funds or credit or for related financial purposes, a person, directly or indirectly, sells, assigns, transfers, leases or otherwise disposes of financial assets to a person or persons or a trust or trusts who acquire an undivided co-ownership interest or interests in the financial assets or whose business consists solely or primarily of acquiring, holding or creating interests in, creating securities or debt backed or secured by, or otherwise dealing in, financial assets, and

¹ SOR/87-348



(b) after their disposal, the financial assets will be administered, serviced and operated by

(i) the person disposing of the financial assets or an affiliate of that person,

(ii) a person that is an agent of or a trustee for all persons that own securities or debt backed or secured by, or representing an interest in, the financial assets unless there is a person that, together with that person's affiliates, owns, directly or indirectly, or exercises control or direction over more than 10 per cent of the securities or debt backed or secured by, or representing an interest in, the financial assets, or

(iii) any other person or trust other than,

(A) a person or persons or trust or trusts that acquire any interest in the financial assets unless the interest is held by way of security only or is limited to an undivided co-ownership interest or interests that, in aggregate, are not more than 10 per cent of all the interests,

(B) an affiliate of a person described in clause (A),

(C) a person that, together with that person's affiliates, owns, directly or indirectly, or exercises control or direction over more than 10 per cent of the securities or debt backed or secured by, or representing an interest in, the financial assets,

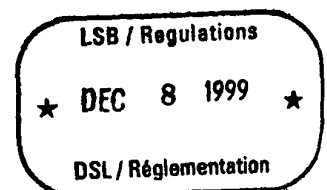
(D) a person that owns, directly or indirectly,

(I) securities carrying more than 10 per cent of the voting rights attached to all voting securities for the time being outstanding of a person described in clause (C), or

(II) more than 10 per cent of the equity securities for the time being outstanding of a person described in clause (C), or

(E) a corporation of which a person described in clause (C) owns, directly or indirectly,

(I) securities carrying more than 10 per cent of the voting rights attached to all voting securities of the corporation for the time being outstanding, or



(II) more than 10 per cent of the equity securities of the corporation for the time being outstanding;
(*transaction de titralisation d'éléments d'actif*)

"equity security" means any security that carries a residual right to participate in the earnings of the issuer of the security and, upon the liquidation and winding up of the issuer, in the issuer's assets; (*titres de toute nature*)

"financial asset" means any interest, including any related security or collateral, in any

(a) debt, receivable, account, claim or other right to payment,

(b) contract or obligation that generates or secures any thing referred to in paragraph (a), and

(c) security (other than a voting share of a corporation or an interest in a combination) backed or secured by, or representing an interest in, a thing referred to in paragraph (a) or (b) or in both paragraphs (a) and (b); (*actif financier*)

"senior officer" means the chairperson, president, chief executive officer, vice-president, secretary, treasurer, chief financial officer, chief operating officer, general manager, managing director or any individual who performs their functions; (*dirigeant principal*)

"voting security" means any security that carries voting rights under all circumstances or by reason of an event that has occurred and is continuing; (*titres comportant droit de vote*)

2. Section 4 of the Regulations is amended by adding the following after subsection (3):

(4) The conversion into Canadian dollars of the aggregate amount of assets reported in foreign currency shall be based on the noon exchange rate quoted by the Bank of Canada on the date that the aggregate value of assets is to be determined in accordance with these Regulations.

3. Section 5 of the Regulations is amended by adding the following after subsection (3):

(4) The conversion into Canadian dollars of the gross revenues from sales reported in foreign currency shall be based on the noon exchange rate quoted by the Bank of Canada on the last day of the annual period for which the gross revenues from sales are to be determined in accordance with these Regulations.

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4. Sections 10 and 11 of the Regulations are replaced by the following:

10. For the purposes of subsections 110(2) to (6) of the Act, the aggregate value of assets in Canada

(a) of an operating business referred to in subsection 110(2) of the Act,

(b) that are owned by any corporation referred to in paragraph 110(3)(a) of the Act,

(c) that would be owned by any corporation referred to in paragraph 110(4)(a) of the Act, or

(d) that are the subject-matter of a combination referred to in subsection 110(5) or (6) of the Act

shall equal the aggregate value of such assets, as stated in the audited financial statements referred to in section 6.

11. For the purposes of subsections 110(2) to (6) of the Act, the gross revenues from sales in or from Canada generated from the assets in Canada

(a) of an operating business referred to in subsection 110(2) of the Act,

(b) that are owned by any corporation referred to in paragraph 110(3)(a) of the Act,

(c) that would be owned by any corporation referred to in paragraph 110(4)(a) of the Act, or

(d) that are the subject-matter of a combination referred to in subsection 110(5) or (6) of the Act

shall equal the aggregate amount of the gross revenues from sales in or from Canada generated from such assets, as stated in the audited financial statements referred to in section 7.

5. Paragraph 12(1)(a) of the French version of the Regulations is replaced by the following:

a) d'une part correspond au montant total des éléments d'actif qui figure dans les livres de la personne, compte tenu des rajustements nécessaires pour que l'établissement de la valeur soit fait en conformité avec les principes comptables visés à l'alinéa 3a);

6. Paragraph 13(1)(a) of the French version of the Regulations is replaced by the following:

a) d'une part correspond au montant total des revenus bruts qui figure dans les livres de la personne, compte tenu des rajustements nécessaires pour que l'établissement de la valeur soit fait en conformité avec les principes comptables visés à l'alinéa 3a);

7. The Regulations are amended by adding the following after section 14:

TRANSACTIONS THAT ARE EXEMPT FROM PART IX OF THE ACT

15. (1) A transaction that is an acquisition of financial assets that is undertaken to give effect to an asset securitization transaction is exempt from the application of Part IX of the Act.

(2) A transaction that is an acquisition of assets other than financial assets that is undertaken to give effect to an asset securitization transaction is exempt from the application of Part IX of the Act, unless any person would, as a result of the transaction or transactions, acquire all or substantially all of the assets, other than financial assets, of a business or an operating segment of a business carried on by the person disposing of the assets.

INFORMATION REQUIRED

16. For the purposes of subsection 114(2) of the Act, the short form information is the following:

(a) a description of the proposed transaction and the business objectives intended to be achieved as a result of it;

(b) a list of foreign authorities that have been notified of the proposed transaction by the parties and the date of the notification; and

(c) in respect of each party,

(i) its full name,

(ii) the addresses of its principal offices,

(iii) a list of its affiliates that have significant assets in Canada or significant gross revenues from sales in, from or into Canada and a chart describing the relationships between the party and those affiliates, and

(iv) a description of its principal businesses and the principal businesses of its affiliates referred to in subparagraph (iii), including

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(A) their most recent annual report and, if the annual report is not available or if the financial statements are different from those contained in the report, audited financial statements relating to their principal businesses for their most recently completed fiscal year, and financial statements for subsequent interim periods,

(B) a summary description of each of the principal categories of products, as defined by the party in its day-to-day operations, that it produces, supplies or distributes and each of the principal categories of products produced, supplied or distributed by its affiliates referred to in subparagraph (iii),

(C) statements identifying, for each of those principal categories of products, the twenty most important current suppliers and customers, the contact names, the telephone numbers and addresses of those suppliers and customers, and the annual volume or dollar value of purchases from and sales to those suppliers and customers, and

(D) the geographic regions of sales for its principal businesses and the principal businesses of its affiliates.

17. For the purposes of subsection 114(2) of the Act, the long form information is the following:

(a) a description of the proposed transaction and the business objectives intended to be achieved as a result of it;

(b) copies of the legal documents, or the most recent drafts of them if the documents have not been executed, that are to be used to implement the proposed transaction;

(c) a list of foreign authorities that have been notified of the proposed transaction by the parties and the date of the notification;

(d) in respect of each party, a list of its affiliates that have significant assets in Canada or significant gross revenues from sales in, from or into Canada, and a chart describing the relationships between the party and those affiliates; and

(e) in respect of each party, and each of its affiliates referred to in paragraph (d),

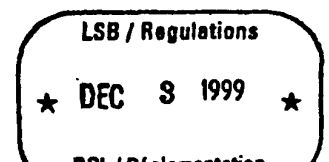
(i) its full name,

(ii) the addresses of its principal offices and, in the case of a corporation, the jurisdiction under which it was incorporated,

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- (iii) the names and positions of its senior officers,
- (iv) a description of its principal businesses, including
 - (A) its most recent annual report and, if the annual report is not available or if the financial statements are different from those contained in the report, audited financial statements relating to its principal businesses for its most recently completed fiscal year, and financial statements for subsequent interim periods,
 - (B) the principal categories of products, as defined by each party and each of its affiliates in its day-to-day operations, which it produces, supplies or distributes,
 - (C) statements identifying, for each of those principal categories of products, the forty most important current suppliers and customers, the contact names, the telephone numbers and addresses of those suppliers and customers, and the annual volume or dollar value of purchases from and sales to those suppliers and customers,
 - (D) the location of the principal offices of each of its principal businesses, and
 - (E) the geographic regions of sales for its principal businesses,
- (v) the gross sales for each principal category of products, for its most recently completed fiscal year,
- (vi) the principal categories of products that a senior officer has given approval to develop or make commercially available during the three-year period following the date of notification to the Commissioner, the anticipated gross sales for each category of products, and
 - (A) the facilities from which each category of products is planned to be produced, supplied or distributed and the planned production capacity of each facility, and
 - (B) the geographic regions where each category of products is planned to be supplied or distributed,
- (vii) for each of the principal categories of products identified in clause (iv) (B) that, to the extent known by that party, are produced, supplied or distributed by both that party or its affiliates and the other party to the proposed transaction or its affiliates,



(A) the location of all warehouses, plants, retail establishments or other places from which each such category of products is produced, supplied or distributed,

(B) for each facility identified in clause (A), the geographic regions where each such category of products is supplied or distributed by that party,

(C) the principal mode of transportation for each such category of products in each geographic region identified in clause (B),

(D) the total annual cost of transportation expressed in dollar values, the total revenues in dollars, and the total number of units shipped, for each such category of products and each geographic region identified in clause (B), and

(E) the current production capacity and the current rate of capacity utilization of each facility identified in clause (A), calculated in accordance with the methods used by that party in its day-to-day operations,

(viii) the principal categories of products purchased or acquired by each party and each of its affiliates, and its total expenditures for each principal category of product, for its most recently completed fiscal year,

(ix) the number of votes attached to voting shares held, directly or indirectly through one or more affiliates or otherwise, by each party in any corporation carrying on an operating business, whether through one or more subsidiaries or otherwise, where the total of all votes attached to shares so held exceeds twenty per cent of the votes attached to all outstanding voting shares of the corporation,

(x) the share of profits of any combination carrying on an operating business or the share of its assets on dissolution which the party, together with its affiliates, is entitled to, where the party is entitled to more than thirty-five per cent of the profits of the combination or more than thirty-five per cent of its assets on dissolution,

(xi) a copy of every proxy solicitation circular, prospectus and other information form filed with a securities commission, stock exchange or other similar authority in Canada or elsewhere, or sent or otherwise made available to shareholders within the previous two years,

(xii) all reports, studies, surveys and analyses, that were prepared or received by a senior officer, together with an indication of the date of preparation, and the name and title of the author of each document, that were prepared for the

purpose of evaluating or analysing the proposed transaction with respect to

(A) the principal categories of products identified in subparagraph (vii), and

(B) its potential impact on

(I) prices for those principal categories of products,

(II) market shares for those principal categories of products,

(III) the competition or the competitors for those principal categories of products,

(IV) innovation, and

(V) the potential for sales growth or expansion into new products or geographic regions,

(xiii) to the extent available, the financial statements of

(A) the acquiring party, in the case of a proposed transaction referred to in paragraph 114(1)(a) of the Act,

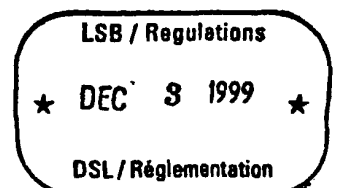
(B) the continuing corporation, in the case of a proposed transaction referred to in paragraph 114(1)(b) of the Act, or

(C) the combination, in the case of a proposed transaction referred to in paragraph 114(1)(c) of the Act,

prepared on a pro forma basis as if the proposed transaction had occurred previously,

(xiv) if any of the parties have taken a decision or entered into a commitment or undertaking to make significant changes in any business to which the proposed transaction relates, a summary description of that decision, commitment or undertaking, and

(xv) all marketing, business and strategic plans, and similar documents that were prepared or received by a senior officer, and that have been implemented in Canada over the last three years or are to be implemented in Canada, for each of the principal categories of products referred to in subparagraph (vii).



COMING INTO FORCE

8. These Regulations come into force on the day on which sections 25 to 35 and paragraphs 37(z.14) to (z.17) of An Act to amend the Competition Act and to make consequential and related amendments to other Acts, being chapter 2 of the Statutes of Canada, 1999, come into force.

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