

Chapter 5

Rules and Policies

5.1.1 Amendments to OSC Rule 48-501 Trading during Distributions, Formal Bids and Share Exchange Transactions

AMENDMENTS TO OSC RULE 48-501 *TRADING DURING DISTRIBUTIONS, FORMAL BIDS AND SHARE EXCHANGE TRANSACTIONS*

1. *OSC Rule 48-501 Trading during Distributions, Formal Bids and Share Exchange Transactions is amended by this Instrument.*
2. *Part 1 is amended by:*
 - (a) *replacing the definition of “exchange-traded fund” in section 1.1 with the following:*

“means a mutual fund, the units of which are

 - (a) listed securities or quoted securities, and
 - (b) in continuous distribution in accordance with applicable securities legislation;”
3. *Part 3 is amended by:*
 - (a) *replacing “or” with “other than an exchange-traded fund that the Investment Industry Regulatory Organization of Canada has designated as subject to section 7.7 of the Universal Market Integrity Rules, or” in subparagraph 3.1(1)(b)(ii).*
4. This Instrument comes into force on November 2, 2015.

SCHEDULE

1. ***The changes to Companion Policy 48-501CP to OSC Rule 48-501 Trading during Distributions, Formal Bids and Share Exchange Transactions are set out in this Schedule.***
2. ***Part 2 is amended by***
 - (a) ***deleting section 2.2***
3. ***Part 5 is amended by***
 - (a) ***adding the following:***

“5.2.1 Exchange-traded funds — Section 1.1 of the Rule defines an "exchange-traded fund" as an open-ended mutual fund, the units of which are listed or quoted securities. Generally trading in exchange-traded funds has not given rise to concerns of a misleading appearance of trading activity or artificial price and the Rule exempts trading in exchange-traded funds. However, if the Investment Industry Regulatory Organization of Canada makes a designation that trading in a particular fund is subject to the corresponding provisions of the Universal Market Integrity Rules because it is concerned that trading in units of the fund may be susceptible to manipulation, trading in that exchange-traded fund will be subject to the Rule.”
4. These changes will become effective on November 2, 2015.