

No. 43

1st Session, 14th Legislature, Alberta
8 Elizabeth II

BILL 43

A Bill to amend The Investment Contracts Act

HON. MR. MANNING

Explanatory Note

2. The latest report of the Conference of Superintendents of Insurance of the Provinces of Canada recommends a revision of the Life Insurance Part of the Insurance Acts wherein "life insurance" will be defined to include a contract by an insurer for the payment of money at a fixed or determinable future time. Should this be eventually adopted there is a possibility of overlapping in the legislation respecting licences under The Alberta Insurance Act and registration under this Act. This amendment is intended to prevent that possibility from arising. (For the reverse situation see definitions in clauses 2 (c) and (d) of this Act of "investment contract" and "issuer" where an insurance contract and insurer under The Alberta Insurance Act, are referred to.)

3. It is desired to make *every* direction, decision, order or ruling of the Commission subject to review by the Commission. Clauses (a) and (b) specify those that are so subject at present. Section 15 (1) presently reads:

"15. (1) A notice of every direction, decision, order or ruling of the Commission

(a) granting or refusing to grant registration to or renewing, refusing to renew, suspending, cancelling or changing the registration of any person or company, or

(b) regarding the issuing or offering for sale of any investment contract,

shall be served upon the applicant or the person or company whose registration or business is thereby affected and upon such other person or company as in the opinion of the Commission is primarily affected by the direction, decision, order or ruling, at the address appearing in the application or upon the records of the Commission."

4. The auditor's report is to be required to be in such form as the Commission may approve. Section 19 (1) reads:

"19. (1) Not later than ninety days after the expiration of its fiscal year, every registered issuer shall file with the Commission a balance sheet profit and loss statement for such completed fiscal year, certified by two of its directors and reported on by its auditor, and such other financial statements as the Commission may require."

5. (a) Clarifies the "authorized representative" referred to in subsection (2).

(b) Permit fees to be charged for inspections. Section 24 reads:

"24. (1) The Commission may at any time make or cause to be made an inspection of the books, documents and records of any issuer and of any salesman.

(2) Upon any such inspection, the Commission or its duly authorized representative is entitled to free access to all books of account, cash, securities, documents, bank accounts, vouchers, correspondence and records of every description of the issuer or salesman, and no person shall withhold or destroy, cancel or refuse to furnish any information or thing reasonably required by the Commission for the purposes of the inspection."

6. Section 27 reads as hereunder. The new subsections prohibit transactions not included within the present prohibited acts.

"27. (1) No officer, director or employee of an issuer shall directly or indirectly purchase from or sell to the issuer any securities, mortgages or real property in which he has any equitable or legal interest.

(2) No officer, director or employee of an issuer shall traffic or deal directly or indirectly in securities, mortgages or real property being acquired by or sold by the issuer except in the ordinary course of his duties as agent of the company."

BILL

No. 43 of 1960

An Act to amend The Investment Contracts Act

(Assented to _____, 1960)

HER MAJESTY, by and with the advice and consent of the Legislative Assembly of the Province of Alberta, enacts as follows:

1. *The Investment Contracts Act*, being chapter 36 of the Statutes of Alberta, 1957, is hereby amended.

2. The following section is added immediately after section 2:

2a. Nothing in *The Alberta Insurance Act* shall be construed to require an issuer within the meaning of this Act to take out a licence under that Act.

3. Section 15, subsection (1) is amended by striking out clauses (a) and (b).

4. Section 19, subsection (1) is amended by adding after the word "auditor" the words "in such form as may be approved by the Commission".

5. Section 24 is amended

(a) as to subsection (1) by adding after the word "Commission" the words "or any person to whom as its representative it may in writing delegate authority",

(b) by adding immediately after subsection (2) the following:

(3) The Commission may charge such fees as it may deem proper for any inspection made under this section.

6. Section 27 is amended by adding immediately after subsection (2) the following:

(3) No director, officer or employee of an issuer shall directly or indirectly have or acquire any interest in any real property in which the issuer has any equitable or legal interest.

(4) Except by way of salary or other remuneration as a director, officer or employee of the issuer, no officer,

7. Section 28 is amended as it is not sufficiently clear that this section is intended to restrict investment in real property by an issuer. See section 26. The section presently reads:

"28. (1) A registered issuer may acquire and hold for its own use and benefit such real property as is necessary for the transaction of its business and may acquire or hold or construct a building larger than is required for the transaction of its business, and may lease any part of such building not so required.

(2) A registered issuer may acquire and hold such real property as is bona fide mortgaged to it by way of security, and any real property acquired for it by foreclosure or in satisfaction of a debt, and may sell, mortgage, lease or otherwise dispose of such real property, but an issuer shall sell any real property acquired by foreclosure or in satisfaction of a debt, within seven years after it has been so acquired."

8. The time within which proceedings may be commenced for penalties under this Act is extended; and the requirement that the consent of the Attorney General be written is removed. This is similar to section 98 of The Securities Act (Statutes of Alberta, 1955, chapter 64). Section 30 presently reads:

"30. No proceedings to recover the penalties provided in section 29 shall be instituted except with the written consent of the Attorney General and within two years after the offence is committed."

director or employee of an issuer shall take or derive, directly or indirectly, any money or benefit by reason of the issuer acquiring, buying, selling or disposing of, any securities, mortgages or real estate.

7. Section 28 is struck out and the following substituted:

28. (1) Except as permitted by this section, a registered issuer shall not acquire or hold real property by way of investment or otherwise.

(2) A registered issuer may acquire and hold for its own use and benefit such real property as is necessary for the transaction of its business and may acquire or hold or construct a building larger than is required for the transaction of its business, and may lease any part of any such building not so required by the registered issuer.

(3) A registered issuer may acquire and hold real property acquired by it in satisfaction of a debt, or such real property as, having been *bona fide* mortgaged to it by way of security, is acquired for it by foreclosure, and may sell, lease, mortgage or otherwise dispose of such real property, but any real property so acquired by it shall be sold by the issuer within seven years after it has been so acquired.

8. Section 30 is struck out and the following is substituted:

30. (1) No proceedings under section 29 shall be instituted except with the consent of the Attorney General.

(2) No proceedings under section 29 shall be commenced more than two years after the facts upon which the proceedings are based first came to the knowledge of the Commission.

9. This Act comes into force on the day upon which it is assented to.

No. 43

FIRST SESSION

FOURTEENTH LEGISLATURE

8 ELIZABETH II

1960

BILL

An Act to amend The Investment
Contracts Act

Received and read the

First time.....

Second time.....

Third time.....

HON. MR. MANNING
